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**U.S. House of Representatives  
Committee on Financial Services**

**2129 Rayburn House Office Building  
Washington, DC 20515**

**September 14, 2006**

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The Honorable Richard C. Shelby  
Chairman  
The Honorable Paul S. Sarbanes  
Ranking Member  
Committee on Banking, Housing, and Urban Affairs  
U.S. Senate  
SD-534 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Chairman Shelby and Ranking Member Sarbanes:

As the 109<sup>th</sup> Congress enters its final weeks, there are a handful of important legislative initiatives on which our respective Committees have spent a great deal of time and effort, but which have yet to be resolved. While the differences between the House and Senate measures are relatively small in most cases, time is not on our side. In our opinion, one of the most urgent of these issues is regulatory reform of the government-sponsored entities, or GSEs.

Accounting violations and corporate mismanagement by the GSEs have brought to light the fact that current GSE regulators lack many of the supervisory and enforcement powers bank regulators can wield. We must remedy this situation by consolidating GSE regulation and providing the tools needed to oversee these large, complex financial institutions. Both H.R. 1461 and S. 190 create a strong independent agency to ensure the GSEs operate in a safe and sound manner and comply with their statutory missions.

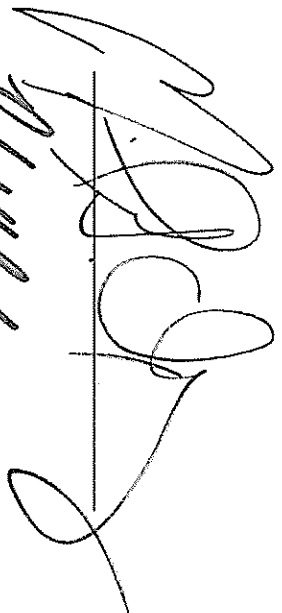
We believe firmly that the outstanding differences in the GSE legislative debate are less than ever before and that final agreement can be reached this session. We note with approval the renewed energy brought to the debate by Treasury Secretary Paulson, as well as OFHEO Director Lockhart.

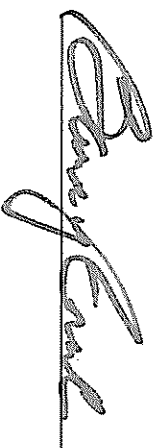
The purpose of this letter is to express our desire to work with you to find creative compromises to achieve our bicameral, bipartisan goal of strengthening GSE oversight and ensuring the stability and accountability of these institutions. This Congress should not close without addressing the serious inadequacies of the current GSE regulatory system.

The Honorable Richard C. Shelby  
The Honorable Paul S. Sarbanes  
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We, the undersigned members of the House Committee on Financial Services,  
urge you to act expeditiously in the full Senate so that we may proceed to a  
conference committee, where we can work together to send this vital legislation to  
the President this year. We believe we have a unique opportunity to enact robust,  
comprehensive GSIF reform. We pledge our cooperation, our good faith, and our best  
efforts to achieve this end and urge Senate action.

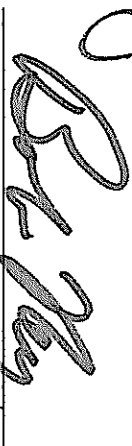
Yours truly,

  
Richard C. Shelby

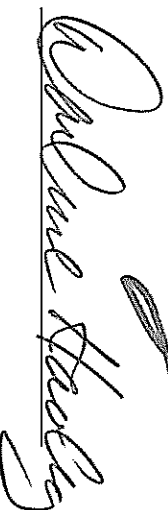
  
Paul S. Sarbanes

  
J. Claude

  
J. G. H. H. H.

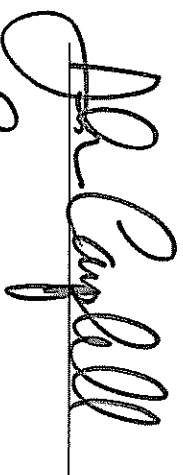
  
Bob Ray

  
Caroline B. McCarthy

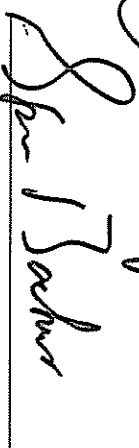
  
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and Mary

Theresa Brown

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Ed Royce

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John H. H.

Henry H. H.

Michael E. Caputo

Julia C.

Jeff Davis

James D.

Ann R.

Al M.

Bob Smith

Paul S.

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The Honorable Richard C. Shelby, Chairman  
The Honorable Paul S. Sarbanes, Ranking Member  
Senate Banking Committee

Letter Signatories

**Page 2:**

Congressman Michael G. Oxley, Chairman  
Congressman Barney Frank, Ranking Member  
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Congressman Paul Kanjorski  
Congressman Jim Leach  
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Congressman Rubén Hinojosa  
Congressman John Campbell  
Congressman Frank D. Lucas  
Congressman Spencer Bachus

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Congressman Jim Matheson  
Congressman Tom Price

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Congressman Jeb Hensarling  
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